

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 TRSY-02 AID-05 CIAE-00 COME-00  
EB-08 FRB-03 INR-10 NSAE-00 ICA-11 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 PA-01 /068 W  
-----084856 200440Z /73

R 171515Z APR 78

FM AMCONSUL MONTERREY

TO SECSTATE WASHDC 3650

INFO AMEMBASSY MEXICO

AMCONSUL GUADALAJARA

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E.O. 11652: N/A

TAGS: EGEN, PINT, MX

SUBJECT: ATTITUDE OF MONTERREY INDUSTRY

1. SEVERAL PARTICIPANTS IN CONGEN'S APRIL 13  
BUSINESSMEN'S ROUNDTABLE DISCUSSED THE CURRENT MOOD OF  
MONTERREY INDUSTRIALISTS IN THE CONTEXT OF PRESIDENT  
LOPEZ-PORTILLO'S MAR 28 VISIT TO MONTERREY. CONSENSUS  
OF GROUP WAS THAT GOM-MONTERREY RELATIONS ARE VERY,  
VERY GOOD.

2. ONE BANKING EXECUTIVE WHO HAD JUST COMPLETED A ROUND  
OF DISCUSSIONS WITH ALL MAJOR INDUSTRIAL GROUPS NOTED  
THAT PRESIDENT IS CREDITED WITH HAVING ENGINEERED A  
COMPLETE TURNAROUND FROM PAST FEDERAL ADMINISTRATION.  
MONTERREY INDUSTRIALISTS BELIEVE HE IS WILLING TO WORK  
WITH MONTERREY. THEY ALSO GAVE LOPEZ-PORTILLO HIGH  
MARKS FOR HAVING BOOSTED EFFICIENCY OF GOM. FOR EXAMPLE,  
GOM DECISIONS WHICH USED TO TAKE SIX MONTHS ARE NOW  
TAKEN IN THREE. THE BANKER DESCRIBED THE INVEST-  
MENT CLIMATE AS VERY FAVORABLE. MAJOR GROUPS ARE  
CONTINUING THEIR EXPANSION INTO DIVERSIFIED FIELDS,  
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WITH FISHING AND TOURISM CONSIDERED CHOICE AREAS  
FOR NEW INVESTMENT. RESTRICTIVE GOM LAWS ON FISHING  
MAY HAVE BE CHANGED, HOWEVER, SINCE LONGTERM  
INVESTORS WILL HAVE TO LOOK BEYOND LOPEZ-PORTILLO'S  
TERM OF OFFICE. LONG-TERM INVESTORS REQUIRED CHANGES  
IN LEGISLATION AND NOT JUST GOM WILLINGNESS TO "LOOK  
THE OTHER WAY."

3. BANKER OBSERVED THAT FOREIGN INVESTORS SOMETIMES SEEM TO HAVE MORE FAITH IN MEXICO'S FUTURE THAN MEXICANS -- BASING THEIR FAITH ON BOTH PRESIDENT'S POLICIES AND MEXICO'S ENERGY RESERVES. FOR US BANKS, ONE CLOUD ON HORIZON IS PROSPECT OF STRICT FEDERAL RESERVE LIMITATIONS ON AGGREGATE LENDING TO ONE FOREIGN GOVERNMENT. AGGREGATING ALL GOM AGENCIES INTO "ONE BORROWER" FOR REGULATORY PURPOSES COULD RESTRICT FUTURE US BANK LENDING AND PROVOKE A LIQUIDITY CRISIS THAT EUROPEAN BANKS CANNOT FILL.

4. A MEXICAN INDUSTRIALIST COMMENTED THAT THE IMPORTANCE OF LOPEZ PORTILLO'S VISIT LAY NOT IN ANY DIRECT ECONOMIC IMPACT, BUT IN THE DEMONSTRATION THAT HE IS "A PRESIDENT WITH WHOM WE CAN TALK." HE NOTED THAT THE SOLE POINT OF FRICTION BETWEEN PRESIDENT AND MONTERREY INDUSTRIALISTS DURING VISIT AROSE IN DISCUSSION OF GOM POLICIES AFFECTING INVESTMENT IN RURAL SECTOR. EXPLAINING THAT MEXICO NEEDS A STRONG AGRICULTURAL SECTOR AND THAT CONSISTENCY IN THE APPLICATION OF GOM AGRICULTURAL POLICY IS NEEDED TO ENCOURAGE PRIVATE FINANCING OF RURAL DEVELOPMENT, HE SAID THAT MONTERREY BUSINESSMEN HAD TRIED TO ENGAGE LOPEZ PORTILLO ON TOPIC OF THE MANY RISKS INVOLVED IN INVESTING IN RURAL PROJECTS. THE PRESIDENT REFUSED TO BE ENGAGED, AND RETORTED THAT IT IS THE CLASS OF MARGINADOS IN LIMITED OFFICIAL USE

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MEXICO WHO RISK EVERYTHING. DESPITE THE NEGATIVE REACTION OF THE PRESIDENT, THE INDUSTRIALIST OBSERVED THAT THERE IS A DEFINITE MOVEMENT WITHIN THE GOM TO ENCOURAGE RURAL DEVELOPMENT, BUT HE BELIEVED THAT THIS WOULD PROBABLY TAKE THE FORM OF TAX BENEFITS FOR RURAL INVESTMENT AND POSSIBLY REGULATIONS REQUIRING THAT A CERTAIN PERCENTAGE OR QUOTA OF BANK LOANS BE EARMARKED FOR RURAL BORROWERS OR RURAL PROJECTS. MCLENDON

NOTE BY OC/T: TELEGRAM DELAYED IN TRANSMISSION.

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NNN

## Message Attributes

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**Decaption Note:**  
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**Disposition Case Number:** n/a  
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**Subject:** ATTITUDE OF MONTERREY INDUSTRY  
**TAGS:** EGEN, PINT, EINV, EIND, MX  
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